REMARKS

Claims 1-28, 96, 104-105, 113-115, and 124 are pending in the application. Claims 1, 7, 28 and 114 have been amended as discussed during the Examiner Interview of July 3, 2008.

Among other things, Applicants' amended claims recite:

"establishing, on said trading system, a plurality of separate contracts within contract bundles, each contract bundle paying off an aggregate fixed sum at maturity, the aggregate fixed sum at maturity known when the contract bundles are established, and wherein each contract bundle comprises at least two separate contracts" (independent claim 1),

and

"[a] computer network-based contract trading system, including a communications interface, a plurality of processing modules for formation, sale, resale and settlement of separate contracts within contract bundles, each of said contract bundles comprising at least two separate contracts wherein each contract bundle pays off an aggregate fixed sum at maturity, the aggregate fixed sum at maturity known upon the formation of the contract bundles, " (independent claim 28).

As discussed during the July 3, 2008 Examiner Interview, Applicants' amended claims are patentable over U.S. Patent Application Publication No. US 2002/0042770 A1 to Van Slyke et al. ("Van Slyke"). Van Slyke does not teach or suggest *establishing a contract bundle paying off an aggregate fixed sum at maturity.* Instead, Van Slyke Paragraph Nos. 268-269 teaches establishing an *unbundled* Liquid Insurance Contract ("LIC") that optionally may later be bundled with another already established (and unbundled) LIC. Even if Van Slyke optionally bundles two already established LICs, this bundle will not *pay off an aggregrate fixed sum at maturity, the aggregrate fixed sum at maturity known upon the formation of the contract bundle.* Indeed, Van Slyke's abstract expressly states that (emphasis added): "A liquid insurance contract (LIC)

comprises a security which is traded or tradable and which has cash flows to the issuer based upon a liability whose exact value is unknown at the time of issuance."

Further, Applicants' amended claims are patentable over U.S. Patent No. 5,970,479 to Shepherd ("Shepherd"). Shepherd does not teach or suggest paying off an *aggregate fixed* sum at the time of maturity. In relevant part, Shepherd col. 4, lines 18-21 states (emphasis added): "stakeholders can input contract data representing at least one offered contract in at least one predetermined phenomenon, each said phenomenon having a range of future outcomes."

Additionally, Applicants have amended claims 1, 7, 28 and 114 to address the issue raised by the Examiner and her Supervisor during the Examiner Interview of December 13, 2007. Specifically, the Examiner and her Supervisor apparently perceived some ambiguity with respect to Applicants' previous claim language of "paying an aggregate fixed sum at maturity." For example, it was suggested such language could be perceived as meaning that a holder (or holders) of separate contracts in a contract bundle would *pay* an aggregate fixed sum at maturity *for* an underlying basis of the contract bundle (such as a particular product or service), rather than the separate contracts in the contract bundle *paying off* an aggregrate fixed sum at maturity to the holder or holders of the separate contracts within the contract bundle. Consequently, Applicants' believe this issue has been resolved.

No new subject matter has been added via Applicants' amended claims. Applicants' amended claims are supported by Applicants' specification. Specifically, referring to Applicants' specification:

> [0062] A "contract bundle" is a collection of contracts whose aggregate payoff at date T in any state of nature is $10. For instance, suppose S={s1, s2, s3, s4 , s5} is a complete set of possible states for a given event. Then a bundle might consist of the set {A, B, C, D, E} of 5 contracts. In this example:

[0063] At time T, contract #1 (A) pays off $10 if state s1 occurs, and $0 otherwise.

[0064] At time T, contract #2 (B) pays off $10 if state s2 occurs, and $0 otherwise.

[0065] At time T, contract #3 (C) pays off $10 if state s3 occurs, and $0 otherwise.

[0066] At time T, contract #4 (D) pays off $10 if state s4 occurs, and $0 otherwise.

[0067] At time T, contract #5 (E) pays off $10 if state s5 occurs, and $0 otherwise.

[0068] Because the possible states for a given event {s1, s2, s3, s4, s5} are mutually exclusive, and because the set S includes all possible outcomes, one (but only one) of the states will be achieved at time T. Thus, regardless of which one of the states is achieved at time T, the aggregate value of the contract bundle will always be $10.

Further, Applicants teach "an event contract may *pay off* either $10 or $0 depending on the outcome of a specified event. If a particular criteria is met (i.e. a particular outcome occurs), then the claim pays off $10." Application Paragraph No. 0055 (emphasis added). Thus, one contract in Applicants' exemplary contract bundle is for the occurrence of the event and the other contract in the exemplary contract bundle is for the non-occurrence of the event. Accordingly, in this example, Applicants teach *paying off* an aggregate fixed sum at maturity of $0 + $10 = $10.

Although Applicants have made amendments, said amendments are made without prejudice to presentation or assertion in the future of claims on the subject matter affected thereby. Applicants reserve the right to pursue the original claims and/or similar claims in subsequent amendments, continuations or other descendents of the present application.

CONCLUSION

Based on the foregoing remarks, Applicants believe the application is in condition for allowance. If the Examiner has questions regarding the case, the Examiner is invited to contact Applicants' undersigned representative at the number given below.

Respectfully submitted,
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